

### Domestic Fundamentals:

**Market Outlook:** Cotton market noticed mostly mixed tone on Thursday.

Prices of cotton are fluctuating with bearish biasness amid selling pressure in the market.

Arrival stood lower at 138000 bales today compared to 144000 bales on Wednesday.

**In The News:** Cotton yarn prices are under pressure as China has revised the buying prices for yarn. One of the reason for the same is the having situation of strong rupee versus dollar. Under the new policy applicable from April 1<sup>st</sup> 2014, government has lowered the bids from current floor price of 18000 Yuan per ton to 17250 per ton.

Suggestion of moderate increase of 1-5% in MSP has been proposed by Commission of Agriculture Costs and Practices (CACP) for the agriculture commodities of Kharif crop season 2014-15. This recommendation has been forwarded to the Ministry of Agriculture, where final decision would be made by the new cabinet after the elections.

Export of cotton from India is picking uptrend amid exchange rate stability. China is showing good demand for Indian cotton. Pakistan, Bangladesh, Vietnam and Indonesia have also reported higher demand

**Area** under the cotton cultivation, according to ministry of agriculture stood 114.67 lakh hectares this season (2013-14), compared to 117.29 lakh hectares last season.

**Production** as per the estimates of Department of Agriculture and cooperation (DAC) would be around 353 lakh bales (of 170 kg each), compared to 340 lakh bales last year.

**Yield** of cotton though initially gained significantly, but it is likely to decline during the consequences in later stages.

**Export** according to USDA estimates, are likely to be around 96.05 lakh bales this season (2013-14), versus 101.43 last season.

**Import** as per the USDA estimates, would be around 14.05 lakh bales this season, compared to 14.59 lakh bales previous season.

### International Fundamentals:

- On higher acreage, Brazil is expected to notice remarkable increase of 17% in cotton production on Y-o-Y basis in year 2014-15, as reported by USDA.
- In China, cotton imports during February down by 35% to 246001 tonne as compared with same period in last month. Moreover, total cotton import during this calendar year was also down by 35.6% to 538438 tonne in comparison with corresponding period in previous year -Customs.
- Africa is finding scope to sell their cotton in India. A delegation of 18 members from Africa is visiting Coimbatore and other cotton hubs in India. International Cotton Trade, an alliance of World Trade Organization (WTO) and United Nations (UN), is initiating a mission to make access for African cotton in Indian market.

### Outlook

We expect domestic prices to remain range bound with weak biasness amid sluggish demand.

**NCDEX Kapas Futures : (Prices in Rs/20kg)**

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-14	0			0	0	0	0	2	0
Apr-14	-3.5	852	855	843	852.5	7266	-1459	14477	-47

	Mar-14	Apr-14
Spot	--	
Mar-14		--
Apr-14		

**NB:** Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future

**MCX Kapas Futures : (Prices in Rs/20kg)**

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-14									
Mar-14	2.2	809.4	809.4	809.4	809.4	1	-11	102.00	-1.00
Apr-14	-3.7	843.7	849	840.1	846	370	-324	914.00	-116.00

	Mar-14	Apr-14
Spot	240.6	
Mar-14		36.6
Apr-14		

**NB:** Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future

**MCX Cotton Futures Closed (29 mm Variety):**

Contract	Change	Open	High	Low	Close
31-Mar-14	-0.19	20440	20550	20320	20500
30-Apr-14	-0.34	20720	20870	20660	20800
30-May-14	-0.33	21040	21130	20940	21080
30-Jun-14	-0.28	21300	21430	21250	21380
31-Jul-14	-0.32	21560	21700	21550	21670

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Market:**

Centre	Variety	Prices		Change
		27-Mar-14	26-Mar-14	
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Amravati	Mech-1	4800	4800	Unch
Khandwa	Mech-1	5200	5200	Unch
Khargaon	Mech-1	5200	5200	Unch
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Mahesana(Kadi)	B.T. Cotton	5400	5400	Unch
Rajkot	B.T. Cotton	Closed	Closed	-
Patan	B.T. Cotton	Closed	5545	-
Deesa	B.T. Cotton	NA	5125	-
Muktsar	B.T. Cotton	5500	5400	100
Fazilika	B.T. Cotton	5371	NR	-
Bhiwani	B.T. Cotton	5600	5580	20
Adampur	B.T. Cotton	5340	5325	15
Fatehabad	B.T. Cotton	5425	5400	25
Dabwali	B.T. Cotton	5315	5310	5
Jind	B.T. Cotton	5350	5396	-46
Rawatsar (Hanumangarh)	B.T. Cotton	5300	5270	30
Hubli	B.T. Cotton	4995	4999	-4
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Ahmedabad	Shankar-6	5250	5250	Unch
Gondal	Shankar-6	Closed	Closed	-
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	5191	5409	-218
Hubli	D.C.H.	4989	4669	320
Raichur	H-44 Cotton	5040	5075	-35
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	4570	4560	10
Muktsar	J-34	4560	4560	Unch
Fazilika	J-34		NR	-
Bhatinda	J-34	4585	4580	5
Mansa	J-34	4550	4550	Unch
Sirsa	J-34	4470	4460	10
Sri-Ganganagar	J-34	4230	4230	Unch
Hanumangarh	B.T. Cotton	4500	NR	-
Adilabad	>30mm	4283	4299	-16

Warangal	>30mm	4388	4388	Unch
Guntur	>30mm	4430	4403	27
Bhainsa	>30mm	NA	NA	-

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		27-Mar-14	26-Mar-14	
Amravati	Mech-1	32000	33000	-1000
Khandwa	Mech-1	1500	2000	-500
Khargaon	Mech-1	5000	6000	-1000
Mahesana(Kadi)	B.T. Cotton	45000	35000	10000
Rajkot	B.T. Cotton	Closed	Closed	-
Patan	B.T. Cotton	Closed	14000	-
Deesa	B.T. Cotton	NA	1500	-
Fazilika	B.T. Cotton	400	NR	-
Bhiwani	B.T. Cotton	200	500	-300
Adampur	B.T. Cotton	680	680	Unch
Fatehabad	B.T. Cotton	600	600	Unch
Dabwali	B.T. Cotton	225	150	75
Jind	B.T. Cotton	150	196	-46
Rawatsar (Hanumangarh)	B.T. Cotton	150	200	-50
Hubli	B.T. Cotton	182	48	134
Ahmedabad	Shankar-6	51000	51000	Unch
Gondal	Shankar-6	Closed	Closed	-
Bijapur	Bunny	1365	998	367
Hubli	D.C.H.	18	50	-32
Raichur	H-44 Cotton	2785	2912	-127
Abohar	J-34	850	680	170
Muktsar	J-34	170	170	Unch
Bhatinda	J-34	21250	25500	-4250
Mansa	J-34	425	340	85
Sirsa	J-34	850	850	Unch
Sri-Ganganagar	J-34	1700	1700	Unch
Hanumangarh	B.T. Cotton	500	NR	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				26-Mar-14	25-Mar-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38000	38000	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38500	38500	Unch
J-34(202)	26mm	3.5 - 4.9	23	42200	41800	400
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	40600	40400	200
Shankar-6(105)	29mm	3.5 – 4.9	28	42000	41800	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42400	42200	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43400	43200	200
DCH-32(107)	34mm	3.0 - 3.8	33	61000	61000	Unch

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 27/3/2014**

Index	RMB/Ton	Change
CCIndex(328)	19409	-2
CCIndex(527)	17728	-2
CCIndex(229)	20252	-2

RMB - Renminbi, 1RMB = 0.16 \$U.S.

**Cotlook Index: As on 26/3/2014**

Cotlook Indices	Cents/Pound	Change
A-Index	98.90	+3.10

**USDA Cotton Spot Rates: As on 26/3/2014**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	89.16	92.16	NIL
North Delta	88.16	90.66	NIL
South Delta	88.16	90.66	NIL
East TX-OK	84.75	87.00	376
West Texas	84.75	86.75	86
Desert SW	84.91	91.66	NIL
SJ Valley	85.66	96.31	NIL

Spot quotations are for cotton equal to the official standards, net weight, in mixed lots. Upland quotations are FOB car/truck, which includes compression and any brokerage charges. The upland base quality is color 41, leaf grade 4, staple 34 (1.05 to 1.07), mike 3.5, 3.6 and 4.3 to 4.9, strength 26.5 to 28.4 grams per Tex and uniformity 80.5 to 81.4

ICE Cotton Futures (Prices in cents/lb.): As on 26/3/2014

Contract	Open	High	Low	Close	Change
<b>May-14</b>	94.12	97.35	90.83	91.66	<b>-2.45</b>
<b>Jul-14</b>	93.12	96.76	90.26	91.36	<b>-2.18</b>
<b>Oct-14</b>	82.45	82.57	81.37	81.37	<b>-0.84</b>
<b>Dec-14</b>	80.01	80.50	79.05	79.30	<b>-1.00</b>
<b>Mar-15</b>	79.82	80.12	79.05	79.45	<b>-0.51</b>
<b>May-15</b>	79.67	79.67	79.15	79.51	<b>-0.16</b>

Pakistan Cotton Spot rates: As on 26/3/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32 Kgs	6550	155	6705
<b>Equivalent</b>	40 Kgs	7020	155	7175

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